

Session M:
Budgeting Compensation
Room: Plaza II
Day: Tuesday (3rd session)

Does GPRA Make a Difference?

(In Context of Battle Strategy, Broadway and Baseball)

[By Carl L. Moravitz]

Seventy years ago, at the climax of the Spanish Civil War, the armies of Rebel General, Emilio Nola, were advancing against Madrid. General Nola went on the radio and, in a special broadcast, called on the loyalist defenders to give up the city immediately. He said, "My troops are advancing Madrid in four columns, and, inside the city itself, I have a fifth column."

His expression has become a by-word in the language of warfare and espionage: A "*Fifth Column*," the enemy concealed within one's own lives -- the saboteur, the spy, the hostile underground movement, the resistance.

When it is *your city* that harbors the fifth column, it must be a terrible thing. You don't know who's your friend or who's your enemy. There's an atmosphere of distrust, suspicion, impending doom.

On the other hand, *if you are the one trying to take the city*, it must be great to have secret friends at work on your behalf -- a sympathetic underground with the citadel preparing the way for your coming. The Americans and the British, for example, owe a debt of gratitude to the French resistance for preparing the way for the liberation of Paris in August 1944 -- *secret friends in the city*.

As Federal managers, we are challenged from all sides to get results -- *measurable, improved results*. We are challenged to tame technology, control costs, buy smarter, outsource, and change the culture. That's a tall order! I would not want to make the attempt without the help of "Secret Friends."

The last thing you would do today would be to say that the Government Performance and Results Act -- known most generally, as the Results Act -- is your friend in times like this, but it's true. We need help in meeting these challenges -- we need to cultivate a relationship with someone and something that will help us get there and get there with results, improvement, and a sense of accomplishment.

GPRA can be our Secret Friend, if we take ownership in it and use it as our leverage for telling our story. GPRA is intended to improve confidence in government by holding agencies accountable for achieving results that affect taxpayer's lives. We are challenged to set outcome goals, measure performance and report accomplishments. It's also supposed to help Congress make better funding and oversight decisions by giving legislators credible information about agency efficiency and effectiveness. More on that later -- the jury is still out on this!

But, you've spent much time on the subject matter of planning, strategy, goals, and measurement in various training sessions and in your jobs. You don't need to detailed course on how to integrate planning into budget and you wouldn't expect a budget person, like myself, to say anything else but that it's important to ensure that budget and plans are linked. All the work on Strategic Planning that you are continually ask to develop in your jobs become key elements in the preparation of budget and performance plan requests that your agencies submit to OMB and Congress.

You need to constantly be aware of the connection of your Plans to the larger Budget Process. Your annual budget *should* make your Strategic Plan come alive -- and annual performance plans and reports, a key component of the budget document, *should* track your progress. This is a principle reason why there is so much focus on performance outputs and outcomes. They *become the real test* for the realism of your Strategic Plan. If it makes a difference in peoples lives and you can track your results to demonstrate that fact -- you have your fifth column for your entrance into the city.

But don't think that it's that easy to develop your secret friend so it works in your favor. Most agencies collect little, if any, performance data, and what data they do collect is often of dubious reliability. The data problem is serious because with appropriate, reliable data, agencies can't set the right targets for improving performance. As little as six months ago, a survey found that 33 percent of managers reported that results-based performance measures existed for their programs. Only 38 percent said their programs used any

performance measures at all. *And the principle reason many cited for the lack of advance in this area was a belief that an investment in such measures and performance reports made a difference in how many resources they received from the Congress.*

The survey made me reflect on one of the longest running plays on Broadway, a play called "A Chorus Line." It ran continuously for several years and still plays to packed houses even today whenever it comes to town. It's a story of a group of young adults who are trying out for a chorus line of dancers in a Broadway play. They go through a whole long period of rehearsal and calisthenics to prepare themselves. They give of themselves hour after hour after hour in preparation for the selection time. They have worked, they have struggled, they have suffered. Then it's almost time for the director to make the selection for the chorus line. They know only about a third of them will be selected -- only a third of them will be selected.

And so, they're talking just prior to the selection and they begin to become a bit pessimistic about their whole career in

the dance. *Well, what's the use anyway? We'll soon get old and nobody wants us when we're old. Or suppose we break a leg or a limb? We can't perform anymore; we'll become useless. What's the use anyway?@*

And then a young woman, Diane, steps forward and says, *Oh, that's not the reason we do the dance! Not so we'll succeed. Not even so people will applaud. We do it for the love of the dance, for the love of the art, for the love of the theater, for the love of the audience. This is the reason we give of ourselves!@* And then she sings that beautiful song . . .

**Kiss the day goodbye; the sweetness and the
sorrow.**

Wish me luck. Same to you.

**I can't forget and I won't regret
What I did for love.**

That's just a musical -- and this is not designed to talk about love; that can be covered another day in another forum

-- but that's good thinking. What you and I are willing and ready to do for good management purposes; not for any reward we think might get from our reviewers or appropriators, but simply because it's the right management thing to do.

Many have maintained that GPRA B and its components of Strategic Planning, Performance and Performance Plans -- will change the landscape of decision making in Congress on our resource requests. Appropriators will now pursue a rational balancing on resources and outcomes as they hand out money. But, decisions by appropriators are made on political basis and will continue to be made on that basis -- it's the nature of the process. And, if the only reason we develop Strategic Plans and associated performance measures is because we think it will make an immediate impact on the resources we get or change the way decisions are made, we will be sorely disappointed and we'll be doing it for the wrong reason.

We should be doing it not be externally rewarded, but to help us manage the results and programs entrusted to us by

taxpayers. We have a vision that we believe is critical -- many of us think that our program -- which ever one it is -- is the best and most important of all in government. But do we do much to communicate that. We can all do a much better job in the way we communicate our message, set out our vision, tell our story, broadcast the difference we make in taxpayer's lives, report on the successes of the investments that have come our way, and show good managerial stewardship in the broad array of program we implement and oversee.

If we do this, then over the long haul, this will become your Secret Friend -- good management of programs and good stewardship on investments. People remember this over time and will reward because we are an effective investment for a key mission area.

Constraints, such as budget cuts are with us for the near term. Don't let all this discussion of budget surpluses fool you -- the last time I read the President's message, it told me that most surpluses were all going to Social Security, as they should be. There's no slacking off in the serious stewardship and wise management of the Government's scarce resources, especially in one as important

and critical as yours. I've likened the Congressional Appropriators -- powerful subcommittees -- to a Large Cage with 13 tigers in it and one canary in the back. Your job is to reach your hand into the cage, grab the canary and bring your arm out still in tact. You need help. You need Secret Friends that help you communicate the effectiveness of your mission. Ones that tell the story of good stewardship, such as a performance plan that accompanies any request for resources.

What you are doing now -- and have been and will be doing in your jobs -- is critically important to your organization. Let the interpretation of your vision and communications through goals, expectations and results be the way others find out about the exciting mission and impact that your organization has in communities and with taxpayers. You're excited about your programs -- you have to find ways to pass that excitement on -- GPRA can help.

But, as you work through the process, make sure its more than process and paper. *And the challenge I leave with you is a paraphrase from Vince Scully on statistics in baseball. He notes that "statistics are to baseball what a lamp post is to a drunk; it provides support, but little*

illumination."

Make your process stronger than that . . . make it more meaningful that . . . make it important to you!!

[Ever wondered what the Budget Process entails for a Federal Department? Below is a summary, along with a Touch of Humor.]

Rich Man, Poor Man, Beggar Man, Thief
(or Confessions of a Departmental Budget Director)

(by Carl L. Moravitz)

Rich Man . . . *A job rich in opportunities and challenges, a Budget Director's role is often one of managing the Federal budget process alongside an elaborate decision maze that accompanies a major Department. It's a job filled with many first hand opportunities to help others understand the budget process, as well as, opportunities to show them that, even with its complications, the process can work positively to meet their needs.*

Poor Man . . . *There's a dose of reality that accompanies the big time bucks. Some days you think you're paid too much . . . Some days you are convinced you're not paid enough. No process is ever the same the next time around . . . no contact or decision yields the same result when repeated. **But the psychic income is great and it's non-taxable.***

The job is laden with the all important process management tasks and "*budget techy*" explorations that one routinely expects from a Budget Office . . . all designed to: **(1)** analyze needs; **(2)** manage a process to secure those needs; and **(3)** maintain good stewardship in the use of funds once received.

But the excitement goes further. . . . It extends to overall Federal deficit management, as well as the Federal budget process at the aggregate-congressional level -- from the initial President's Budget to enactment of the final Appropriation and its management -- ***whereas this used to be a nine month process; it has now become a never-ending process.*** As one reflects on the budget process, it can be helpful to visualize the process as a coil, with each curl resting on top of another -- each cycle proceeding concurrently to others. ***If initially viewed in the linear, it will be difficult to follow. If one prepares for confusion, the budget process is easier to understand.***

Beggar Man, Thief . . . *Don't Be So Hasty! This is covered at the end!*

The Process

The Administration and Departmental formulation “Process” for Agencies? It includes: Congressional . . . Administration . . . Department . . . GPRA. *Here’s a little on each, for your thoughts . . .*

(1) Department

Budget priorities in the President’s Budget have their genesis in each Department and Agency of the federal government. In a Department, like Treasury, separated into bureaus, these decisions actually begin in the bureaus -- at the program level. ***The Bureau budget director:***

- ***Facilitates*** and directs the process of justification, review, acceptance and prioritization of the programs and funding; and
- ***Negotiates*** between competing program interests.

Decisions percolate up to me, in the form of each bureau’s budget request to the Department. ***At a Departmental level, a layer of complication is added.*** I am concerned with competing program interests as well -- but multiplied times by 10 plus individual, appropriated bureaus.

Some Departments and agencies operate differently -- with more review and justification effort focused centrally. These organizations tend to have larger budget offices, handling everything from developing financial plans all the way to inputting data into OMB’s system that produces the President’s Budget. Treasury has alternated between detailed involvement on the one hand (control over a great deal of the process) and higher level involvement on the other (Bureaus do most of the work; we concentrate on guidance, review, clearance, and presentation). ***Currently, Treasury operates in this higher level mode.***

At Treasury, we are organized into a structure of individual budget examiners, who are generally assigned at least one bureau of all-around responsibility. ***We also specialize a bit -- using skilled analysts to manage:*** **(1)** Centralized database management (*accurate and well presented numbers are the heart of a budget office*); **(2)** Congressional transcripts and responses (a process that is becoming more extensive each year, with transcript questions approaching between 1,500 and 2,000 annually, not unlike that for most Cabinet Agencies/Departments; **(3)** Labor cost analysis (over 75% of Treasury’s budget are personnel costs); **(4)** Performance-Based budgeting (along with enhanced quality of outcome measures); **(5)** Internal financial plan management; **(6)** Summary documents, graphic presentations, etc.

Departmental formulation is really a process that exists outside specific time boundaries. Done properly, it is a year-round task. ***We are required to manage the current year, while, at the same time, trying to tell our story for the year ahead. Like shifting***

sand, events occurring today can destroy our credibility tomorrow. The reviews, whether they be appropriators, OMB reviews, or oversight when your individual agency, have amazing abilities to see right through weaknesses in our themes and messages, therefore, it is essential that operate with facts and understand what they mean for our direction and vision, in order us to be helpful to program managers who are looking for us to "bring home the bacon."

We have observed that our process involves and means many things: **(1)** Getting to know program functions of your agency -- in our case, what's happening in the bureaus; **(2)** Engaging in decision-making systems at the Departmental level and *knowing Departmental and the Administration priorities*; **(3)** Analyzing budget data to highlight trends/concerns; **(4)** Making sure -- through guidance, oversight, and implementation the decision process -- that budget are brought forth from bureaus reflecting Agency priorities and addressing previously identified issues; **(5)** Strengthening budget justifications, while also ensuring clear presentations and a unified voice, using expertise resident in the Departmental Budget Office.

(2) *You Mean We Need to be Concerned About Performance?*

Under GPRA (the Government Performance and Result Act), all federal agencies must coordinate their budget and planning processes. The budget must also be coordinated with other major administrative support functions: personnel, procurement, and information systems to ensure linkage. *The purpose of GPRA is to fundamentally change the focus of federal management and accountability from a preoccupation with inputs and processes to a greater emphasis on the outcomes and results that programs are achieving.* It brings together **manager, worker, and stakeholder** to focus on three things: **(1)** Purpose of programs; **(2)** Means to achieve them; and **(3)** Progress towards achievement

Big words, but absolutely critical. This is not a new thought with our external reviews in OMB and Congress. A focus on results of the monies appropriated -- in essence, the return on investment for federal programs -- has always been important, even before GPRA . . . It's especially important in the current environment where the federal government's programs continue to face severe and continuing budget pressures . . . YES, THERE'S A BIG SURPLUS, BUT THE LAST TIME I LOOKED AT THE BUDGET MOST OF THOSE SURPLUSES WERE GOING TO SOCIAL SECURITY, OR VERY TARGETED NATIONAL PRIORITIES . . . there's no windfall showing up for core federal operations, making our collective jobs that much more important.

(3) *Now, the Real World . . .*

Once our analyses of bureau budgets for the year ahead are complete, they are shared

with Departmental Policy Officials, including the Secretary. ***Our observations are:***

- Looked at as sometimes good and sometimes bad (*I view it as more good than bad*), I have a lot of "quality time" with the Secretary, Deputy Secretary, and Assistant Secretaries.
- Our review process is made more complicated by the diversity of programs - - everything from financial management and tax administration, to manufacturing and law enforcement. We use key mission emphases to bring these together, such as: **(1)** Foster a Safer America; **(2)** Effectively Manage Government Finances; **(3)** Promote a Prosperous and Stable American and World Economy.
- To strengthen and ensure sufficient oversight of such diverse operations, Treasury has in place high level program oversight offices: Enforcement, Domestic Finance, Fiscal Service & Debt Management, Tax Policy, Economic Policy, International Affairs, etc. . . .
- Each program oversight area also reviews budget decisions to set priorities. Their decisions are not always consistent with our Department-wide analysis of the budget. *Nevertheless, they have equal, if not sometimes, superior weight as Departmental decision makers.*

Throughout this process, however, our Department-wide decision-makers rely on us to inform them of all stakeholder concerns and analyze their importance . . . We need the help of Program managers to provide information to "tell the story."

In September, each agency is required to submit an agency-wide budget request to OMB. Over the past few years, because the process has broken down a bit, and because of delayed appropriations, the Departmental process and the OMB process have become less distinct. One bleeds into the other.

- Many times, Departmental decisions are still rather soft at the time of the OMB request and can be influenced by OMB, ***or, said differently***, timing has forced some decisions one way, before full information has been brought to the table -- new information and additional perspectives sometimes yield different decisions.
- Similarly, decisions at OMB can be influenced by the Department. As a main point of contact for OMB, I process all communications to and from OMB. I move to resolve as much as I can at my level, but inform my superiors when they need to respond to OMB -- ***I try to empower myself as much as possible -- this makes them more effective.***

- I coordinate and clear most Department-wide responses to OMB (and the Hill). I provide guidance to bureaus in their dealings with OMB and Congress.
- From time to time, the Department strives to maintain a unified voice and a central point of contact in the budget office for OMB and Congress. Sometimes we're successful, sometimes we fail. Sometimes it's crucial to protect Departmental interests, other times we just get in the way. **Knowing when to engage and when to back off is part of my job.**

In cooperation with Legislative Affairs, I am a main contact point for the Appropriations Committees. Congress relies on as single a voice as possible for Department and Administration priorities. **Staying current as best as possible is probably the critical element of element of my job** -- allowing me to be the most effective at: **(1) Articulating** Departmental policy and establishing a communications link Congress needs to rely on us for input; **(2) Knowing** when to engage Policy Officials within the Department and OMB, so they can weigh in effectively, and in a timely manner, with their expertise and influence; and **(3) Managing** communication with Congress for those who are not familiar with the broader perspectives and Departmental priorities is a challenge of the job -- the balance of communication must be preserved to permit the necessary input of subject matter experts.

Beggar Man, Thief . . . I think most folks get the impression (especially some of our bureaus) that someone at my level spends their day "robbing Peter to pay Paul." **I think they'd be surprised to find that I spend a lot of time trying to find ways to pay both.** Sometimes I'm forced to choose -- or must inform the decision makers that they must choose.

But sometimes, opportunities exist to find innovative funding mechanisms, such as:

- C Use of revolving funds or alternative *outlay spendout rules*;
- C Working within the maze of "*Pay-As-You-Go*"
- C Mastering all the details of "*Scoring Conventions*", so critical to weaving your through the "*maze*";
- C Searching for "*offsets*" to meet an emerging priorities -- no one like to have to pay for there own priorities; it more exciting to have others pay for them; but, occasionally you cannot distance yourself from them and must identify offsets to meet high profile initiatives;
- C Structuring "*user fees*" charges to benefit the Agency;
- C Pursuing capital/automation accounts to provide for additional appropriation opportunities in an era of reduced discretionary spending allocations;

Or to latch on to other funding sources, such as:

- C Violent Crime Trust Funds (*separate discretionary caps*);
- C Emergency appropriations (*more than "emergencies" are often included*);
- C Working directly with the Reconciliation process, seeking opportunities for permanent solutions to limitations not permitted by the Budget Enforcement Act;
- C Trying to latch on to other agencies authorities, where authority may exist to secure funds for Treasury-related activities.
- C Trying to *move out of a tidy and neat process* that restricts your ability to slide items in . . . instead, *moving your self into a more chaotic process* (such as Omnibus Appropriations, Continuing Resolutions, Christmas tree supplemental bills that lack order and neatness, but provide unending opportunities for slide items of high importance in without high visibility).

My job involves not only weighing decisions, but seizing opportunities when they come my way. But when none of that works, sometimes it's just a simple exercise in the art of persuasion -- ***begging -- if you must be so crude.*** Thieving aside, some would argue that there's no honor in begging, either. However, I prefer to believe what Andy Rooney says is correct. When you give money to a beggar, you know exactly where it is going. ***My job, ultimately, is the same: to create an environment that assures Congress that when they give us money, they know exactly where it is going.***